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ABSTRACT

Experience has shown that many large-scale distance education efforts fail, especially because of lack of student acceptance resulting in low enrollment and higher costs. Some ventures failed because they could not operate a corporate culture within a university environment. Pure for-profit programs, such as the University of Phoenix have been successful, as have some nonprofit programs that have taken a slower, less flashy approach to distance education. Among these is the University of Maryland University College, which enrolls 26,500 students worldwide. Online classes take more faculty time than do live classrooms. To compensate for the lack of interaction, many online programs promise to respond to student e-mails within 24 hours, something that has caused some professors to avoid distance education. Distance education has proven to be no cheaper than a traditional education, and it is not likely to get any cheaper. Institutions are realizing that distance education does not provide an easy, extra source of revenue or a cost-cutting measure. All of these problems should not hide the fact that there have been collaborations between universities and businesses that are attractive and beneficial to employers, employees, and colleges. The more successful distance education programs seem to serve a specific need such as enhancing technical skills or serving students who would otherwise not be able to enroll in college. (Contains 25 references.) (SLD)

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The Promise and the Reality of Distance Education

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1

HE 035 479

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The Promise and the Reality of Distance Education

INTRODUCTION

In the mid 1990's dot-coms were touted as the new education delivery system that would revolutionize higher education. New companies were formed to provide the content and software to deliver college courses to anyone in the world. By 2002, most of those companies have either changed their mission or gone out of business. The reality fell short of the expectation.

A recent article in the *Wall Street Journal* noted that distance education companies do not grow as fast as other technology companies and represent a small percentage of overall postsecondary returns. The clear message is that distance education has not proven to be an easy way to make money.

MORE FAILURES THAN SUCCESSES

Experience shows that large-scale distance education efforts found many ways to fail. Reasons for failure of these programs include lack of student acceptance, which results in low enrollment, higher costs, and more faculty time than expected.

Many programs have discounted tuition in order to attract students. For students, the lack of enthusiasm could be a result of the missing social structure. Students may complain about boring classes, tests, and arbitrary schedules, but these attributes may account for the success of traditional programs. A lack of interaction with both faculty and other students can decrease motivation and responsibility in distance education courses.

Low enrollment

In Arizona, a community college distance education program enrolled only 118 students during one and a half years of operation. Arizona Learning Systems was created in 1996 with $3.8 million in legislative funding, but could not come up with a plan to increase enrollment and felt that it was better to quit before losing more money. The Executive Director of Arizona Learning Systems speculated that the project failed because of lack of enthusiasm for distance learning, and because the project "underestimated the amount of effort and support" necessary to attract more students.

The Open University, which has had a long and successful history in England, spent $20 million over the two years it was open in the U.S. and closed because of insufficient revenue and enrollment. The program lacked traditional accreditation and name recognition, and employers would not reimburse students for tuition.

Corporate-educational culture conflicts

Many ventures failed because they could not operate a corporate culture within a university environment. NYU Online, a for-profit arm of NYU, spent $25 million on seven courses, with several business clients. It is likely that the program folded not because of the economy as initially speculated, but rather because it lacked a solid business plan, marketing and operations required for this type of business are far different from those of an academic institution.

NYU Online did not sufficiently survey the market before creating courses, and had trouble marketing liberal arts courses on the web. The program should have taken ad-

HE035479

vantage of the university resources and worked more closely with professors on campus. Adjuncts rather than tenured faculty taught many online courses. As one professor noted, students pay for faculty reputation in traditional programs, an enhancement which was not available with the online program.

Fathom, which is one of the higher profile start-ups, is two years old. It was created and funded as a for-profit distance arm by Columbia University. Fathom creates content with partners including the London School of Economics, the University of Chicago, and the New York Public Library.

The Washington Post (Shea, 2001) reported that by 2001, Fathom had borrowed $30 million since its opening two years earlier. Fathom is now trying to offer cheaper and faster courses. The public did not grasp distance education in the manner or volume that Fathom had anticipated. Fathom felt that it had to be aggressive to prevent for-profit companies from taking their place in education online. Columbia's faculty senate recommended that Fathom cut back on spending and develop content through Columbia and other Fathom schools rather than create its own.

Princeton dropped out of an online alliance because they preferred to spend their money on technology that can be integrated into traditional learning in the classroom.

These for-profit distance arms are finding that it is hard to run like a businesses while being run by a university at the same time. Many other failures have also been for-profit arms, such as Virtual Temple and California Virtual University.

However, pure for-profit programs such as the University of Phoenix have been successful, as have non-profit programs such as Penn State's World Campus and the University of Maryland University College (UMUC). These institutions that have taken a slower, less flashy approach. UMUC may be the single largest online education provider now, with 26,500 students worldwide. Some community college programs such as Northern Virginia Community College are doing well too.

Fraud

Masters Institute, a for-profit institution, was one of a group of colleges and universities picked by the Department of Education as part of the 1998 distance education demonstration program designed to test whether student aid should be made available to students in distance education. Masters joined the program in 2000, which increased enrollment. However the financial aid program at Masters was "riddled with fraud," because of "unregulated foray into distance education."

A more pedestrian concern about fraud in online education is the ease with which students can misrepresent their work online. It would be easier for a student to provide counterfeit work online than it would be in class.

Faculty concerns

Online classes take more faculty time than do live classrooms. Faculty members have had quality control, online communication, and time issues with distance education programs. Online education can turn into a 24-hour job for online professors. To compensate for lack of interaction, many online programs promise to respond to student emails within 24 hours, which has caused some professors to avoid distance education.

Faculty members in Massachusetts would like to set the standards for distance education faculty rights. Salary negotiations have led to talks about distance education policies. Professors have already been granted voluntary distance assignments and ownership and control of course content. They are also being paid extra for online courses. Faculty members would also like to cap enrollment in distance education courses to keep classes at a level that will allow quality interactions. There is also the unsettled issue of faculty privacy—it is easier for administrators to monitor classes anonymously online than in person. Some are worried that professors won't have time for larger issues such as research and teaching if the demands of 24/7 student service becomes the norm.

Student perceptions and outcomes

The Chronicle of Higher Education reported on a study that found that students who took an economics class online did not do as well and studied less than those who took the same

course in a traditional classroom. The online environment seemed to hurt men more than women, possibly because women feel more comfortable contributing to online discussions. These findings contradict earlier studies that found little difference in the performance of online versus traditional students.

Only half of the online students used all materials available; most spent zero to three hours a week studying. The majority of traditional students, on the other hand, showed up for all three lecture hours per week. These findings represent not only a difference in program structure but also in the type of student and associated lifestyle needs. The distance course gave students with outside responsibilities, such as jobs and families, an opportunity they would not have had otherwise.

Expense

Distance learning has proven to be no cheaper than a traditional education, and it is not likely to get any cheaper. Blackboard and WebCT, two major providers of distance education technology platforms, have recently raised prices of new software options because of a growing complexity and demand for new features. The new WebCT product is especially pricey—in the six figures.

Studies conducted by the Alfred T. Sloan Foundation found that when everything is taken into account, universities aren't losing or making much money on distance education. Sorting out the capital costs, direct costs and shared costs in any higher education venture is difficult. Because of the opaque accounting rules, most studies can only speculate about the real costs of distance education.

Institutions are realizing that distance education does not provide an easy, extra source of revenue, or a cost-cutting measure. Many institutions are still trying to determine cost and revenue potential beyond simply putting classes online. Support services also influence cost-effectiveness. Many distance programs never considered services and positions beyond those required for traditional programs, such as modifications to current registration systems. Other costs include ongoing training and updates to equipment and software.

IS IT BEING USED?

A recent Pew Internet Project Report found that while 79 percent of college students use the internet as a means of communication or information gathering to supplement coursework, only 6 percent take classes online. Steve Jones of the University of Illinois at Chicago, lead author of the study, speculated that "today's college students really value traditional classroom settings."

According to Petersons, the typical online student is over 25, employed, and has previous college experience. Over half are female, and the majority are highly motivated, committed, and disciplined. Distance students have to have discipline, since they don't have a regular schedule or interactions that enforce deadlines.

Many employers in business, health industries, government and military prefer online programs to losing employees to traditional programs. A survey conducted by the International Foundation of Employee Benefits Plans found that continuing education is more important to employees than childcare, flextime, or family leave.

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SUCCESSFUL VENTURES

All of these problems should not hide the fact that there have been collaborations between universities and business that are attractive and beneficial to employers, employees, and colleges. Some examples:

- The Society of Auto Engineers is offering a program using Eastern Michigan's for-profit distance venture.
- General Motors will be offering online courses through Cardean and Thomson.
- NYU translated 14 online courses into Spanish, including corporate management and e-commerce.
- San Diego State University and UKD Academy are collaborating to offer a distance program for corporate instructors and training managers.
- George Mason University collaborated with VCampus to offer training for corporate online programs.

The most successful online ventures include the University of Phoenix and UMUC. UMUC developed a world-wide education program for the military, which provided them with a base of experience from which they developed the online classes. The University of Phoenix

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